

Message Text

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TO AMEMBASSY PORT AU PRINCE

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E.O. 11652: N/A

TAGS: EAID, HA

SUBJECT: RESULTS OF OAS JOINT COMMISSION MEETING ON AID
TO HAITI
REF: PORT AU PRINCE 2179

1. REFTEL OUTLINED FIVE OBJECTIVES OR ACTIONS WHICH
U.S. WISHED TO SEE ENDORSED AT THE THIRD MEETING OF
THE JOINT COMMISSION FOR THE IMPLEMENTATION OF EXTERNAL
COOPERATION PROGRAMS WITH HAITI. WE BELIEVE ALL THESE
OBJECTIVES HAVE BEEN ATTAINED THANKS TO THE CLOSE
COOPERATION AND UNDERSTANDING AMONG THE VARIOUS DONORS.
THEY HELPED PRESENT OUR OBJECTIVES, WHICH THEY LARGELY
SHARED, AND ASSISTED US IN GETTING SPECIFIC FUTURE ACTIONS
PROPOSED AND ACCEPTED.

2. FIRST OBJECTIVE, INCORPORATED IN PARA 2A REFTEL, WAS
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TO OBTAIN AGREEMENT TO DISCUSS OVERALL DEVELOPMENT
PRIORITIES WITHIN THE JOINT COMMISSION FRAMEWORK. THIS
OBJECTIVE ESSENTIALLY OBTAINED WITHIN CONTEXT OF ACTION
PROPOSED IN SUPPORT OF PARAS 2B AND 2D; SEE PARA 4 BELOW.

3. A SUBSIDIARY PART OF FIRST OBJECTIVE WAS TO OBTAIN

GOH SUPPORT FOR ESTABLISHMENT OF SECTORIAL GROUPINGS
TO DISCUSS INTRASECTORIAL PRIORITIES. AT MEETING OF
IBRD, IDB, IMF AND U.S. REPS PRIOR TO JOINT COMMISSION

MEETING, IT WAS NOTED THAT CONADEP HAD ALREADY STATED IT WAS PREPARED TO CONSIDER SUCH SECTORIAL MEETINGS, BUT ENVISAGED HOLDING THEM UNDER ITS CHAIRMANSHIP. VIEW GENERAL CONSENSUS THAT CONADEP CHAIRMANSHIP OF SECTORIAL MEETINGS WOULD BE DISADVANTAGEOUS TO TECHNICAL GOAL, IT WAS AGREED THAT BEST TACTIC TO ATTAIN OBJECTIVE WOULD BE TO ASK THE RESPECTIVE TECHNICAL MINISTERS TO CONVENE AND CHAIR SECTORIAL MEETINGS FOR DISCUSSIONS OF PRIORITIES. TECHNICAL MINISTRY WOULD INVITE CONADEP TO PARTICIPATE AS AN OBSERVER. TO REINFORCE COORDINATED SECTORIAL APPROACH, IMF REP ALSO STRONGLY URGED CONTINUATION OF INFORMAL DONOR MEETINGS IN PORT AU PRINCE UNDER UNOFFICIAL AEGIS OF IDB. IDB ACCEPTED RECOMMENDATION WITH UNDERSTANDING THAT ITS SPONSORSHIP WOULD HAVE TO REMAIN VERY INFORMAL. DURING JOINT COMMISSION SESSION ITSELF, UNDP REP STRONGLY ENDORSED SECTORIAL APPROACH. DR. BERRET OF CONADEP ENDORSED THE CONCEPT WITHOUT FURTHER ELABORATION. WE BELIEVE EARLY OPPORTUNITY SHOULD BE FOUND IN HAITI TO TEST VIABILITY OF SECTORIAL MEETING TACTIC.

4. PARAS 2B AND 2D REFTTEL OUTLINED U.S. OBJECTIVE OF OBTAINING ASSESSMENT OF FINANCIAL AND HUMAN REQUIREMENTS LIMITED OFFICIAL USE
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FOR HAITIAN DEVELOPMENT. COMMISSION ADOPTED U.S. DEL RECOMMENDATION FOR SUCH A STUDY AND TERMS OF REFERENCE ARE EXPECTED TO RESEMBLE CLOSELY THE OUTLINE CONTAINED REFTTEL. SCOPE OF WORK WILL ALSO ENCOMPASS OBJECTIVE OF DETERMINING OVERALL DEVELOPMENT PRIORITIES OUTLINED IN PARA 2A REFTTEL. PROPOSAL FOR STUDY RECEIVED STRONG SUPPORT OF ALL REPRESENTATIVES, WHO URGED THAT WORK COMMENCE AS RAPIDLY AS POSSIBLE IN PORT AU PRINCE. MINISTER BROS SUGGESTED SUCH A STUDY ALSO ADDRESS THE QUESTION OF COUNTERPART FUND REQUIREMENTS.

5. DISCUSSION LEADING UP TO ADOPTION OF PROPOSED STUDY OF DEVELOPMENT REQUIREMENTS TOUCHED FREQUENTLY ON QUESTION OF SALARIES. U.S. DEL RECOMMENDED SALARY BENEFITS BE PROVIDED TO DEVELOPMENT MINISTRIES AND, IN ITS CLOSING STATEMENT, OFFERED USE OF PL-480 TITLE I FUNDS FOR HELP WITH MINISTRY OF AGRICULTURE. NATIONAL BANK PRESIDENT ANDRE PROPOSED INSTEAD THAT SALARY SUPPLEMENTS GO TO ALL GOVERNMENT MINISTRIES TO AVOID DISCRIMINATION. IMF REP SUPPORTED ENCOURAGEMENT OF HAITIAN DEVELOPMENT EFFORT THROUGH SALARY INCREASES,

PROVIDED THEY WERE NON-INFLATIONARY, AND SUGGESTED THAT PRINCIPAL EFFORT BE FOCUSED ON RETAINING AND DEVELOPING SKILLED PERSONNEL. IN PRIVATE REMARK TO U.S. DEL, IMF JULIO GONZALEZ SAID IMF ANTICIPATED GOH WOULD DISCOVER

THAT FISCALIZATION OF EXTRA BUDGETARY ACCOUNTS WOULD GIVE IT ADEQUATE RESOURCES TO PAY FOR SALARY INCREASES WITHOUT POSSIBLY INFLATIONARY CREATION OF SPECIAL FUNDS, RAISING TAXES, ETC. AND THAT IMF CONSEQUENTLY FAVORED GOING SLOW ON INTRODUCTION OF SALARY INCREASES UNTIL GOH RESOURCES THOROUGHLY EXPLORED.

6. FURTHER U.S. OBJECTIVE OUTLINED PARA 2C REFTEL WAS TO URGE GOH TO ADVISE DONORS OF RESULTS OF IMF WORK ON SPECIAL ACCOUNTS, AS WELL AS FRG WORK ON TARIFF REFORM. LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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IN CONCLUDING STATEMENT, IMF ANNOUNCED IT WOULD BE ASSISTING GOH WITH "DELICATE" TASK OF FISCAL REFORM AND THAT FISCAL EXPERT WOULD BEGIN REPEAT BEGIN WORK IN JULY. FOR GOH, ANDRE PROMISED THAT GOH WOULD REPORT CONCLUSIONS OF IMF WORK SO FAR KNOWN AT NEXT JOINT COMMISSION MEETING, WHILE EMPHASIZING THAT GOH REGARDED IMF TASK AS EXTERMELY SENSITIVE.

7. PRIOR TO IMF/GOH STATEMENTS ON SPECIAL ACCOUNTS, IBRD PRESSED GOH SEVERAL TIMES FOR DETAILS AND EXPRESSED DISSATISFACTION PRIVATELY BUT STRONGLY TO IMF AT WHAT IT CONSIDERED UNFORTHCOMING IMF/GOH ATTITUDE. IMF TOLD U.S. DEL PRIVATELY THAT IMF DID NOT IN FACT INTEND TO PUBLISH RECENTLY COMPLETED PRELIMINARY IMF STUDY; IMF FISCAL EXPERT WOULD BE ASSIGNED INITIALLY TO BNDH AND SUBSEQUENTLY TO FINANCE MINISTRY TO FOLLOW UP ON STUDY AND ATTEMPT TO DEVELOP CONCLUSIVE INFORMATION ON ALL EXTRABUDGETARY ACCOUNTS. AT END OF EXPERT'S ASSIGNMENT (POSSIBLY ONE YEAR IN ALL), IMF AND GOH WOULD HOPE TO HAVE DEVELOPED THE KNOWLEDGE AND DEvised A SYSTEM THAT WOULD ENABLE THE GOH TO EXERCISE RATIONAL CONTROL OVER ALL ITS FINANCIAL RESOURCES. BECAUSE OF SENSITIVITY OF SUBJECT AND VULNERABILITY OF BNDH TO RAIDS BY INTERESTED MINISTRIES, AND AGENCIES, HOWEVER, IMF FELT ITS TASK ARGUED FOR VERY CAREFUL HANDLING. IMF HAD CONSEQUENTLY REJECTED IBRD PRESSURES TO TELL ALL AND IN FACT NO ONE ELSE JOINED IBRD IN PRESSING GOH. NEVERTHELESS, IMF ENDORSED GOAL EXPRESSED BY IBRD AND SECONDED BY U.S. FOR PROGRESSIVE TRANSFER OF GOH EXTRABUDGETARY RESOURCES TO NATIONAL BUDGET. U.S. ALSO ASKED IN CLOSING SESSION THAT GOH PROVIDE PROJECTION OF EXPECTED REGIE DU TABAC RECEIPTS.

8. WITH REFERENCE TO U.S. OBJECTIVE OF STRENGTHENING LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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CONADEP, PARA 2E REFTEL, CONADEP PRACTICES WERE DISCUSSED

WITH CONSIDERABLE FRANKNESS DURING SESSIONS. U.S. DID

RECOMMEND, AND MEETING SUBSEQUENTLY ENDORSED, THAT A THOROUGH DISCUSSION OF ALL CONADEP POLICIES AND PROCEDURES BE HELD IN PORT-AU-PRINCE WITH A VIEW TO ACHIEVING BETTER UNDERSTANDING OF HOW THE AGENCY FUNCTIONS INTERNALLY AND VIS-A-VIS DONORS AND MINISTRIES; DISCUSSION WOULD, OF COURSE, PROVIDE OPPORTUNITY FOR DONORS TO RECOMMEND CHANGES MOST DELEGATES STRONGLY SUPPORTED OUR THESIS THAT CONADEP SHOULD CONCENTRATE ON PLANNING PROCEDURES AND MOVE OUT OF PROJECT IMPLEMENTATION; IBRD AND U.S. REITERATED THIS POINT IN CLOSING SESSION. DONORS ALSO URGED CONADEP PROVIDE CURRENT INFORMATION ON ALL DONOR PROJECTS TO ENHANCE DONOR COORDINATION AND PERFORMANCE. CONADEP PLEADED NOT GUILTY TO CHARGES OF DELAYING PROJECTS AND ASSERTED IT WAS PROPERLY ENGAGED. USAID/HAITI SHOULD FOLLOW UP RECOMMENDATION FOR DISCUSSION OF CONADEP PROCEDURES.

9. EXAMINATION OF CONADEP PROCEDURES DURING MEETING ALSO BROUGHT OUT FACT THAT MINISTRIES HAVE OCCASIONALLY BY-PASSED CONADEP WITH CONSEQUENT SLOW DOWN OF PROJECT IMPLEMENTATION. CUL DE SAC PROJECT OF IDB/ISRAEL, DELAYED FOR NEARLY TWO YEARS, CITED AS GOOD EXAMPLE OF BAD MINISTERIAL PROCEDURE. DONORS GENERALLY AGREED THAT ALL PROJECT PROPOSALS SHOULD PASS THROUGH CONADEP AT OUTSET IF ONLY IN PRELIMINARY FASHION BEFORE BEING PASSED ON TO RESPECTIVE MINISTRIES.

10. WITH REFERENCE TO U.S. OBJECTIVE THAT GOH CREATE PERMANENT DISASTER OFFICE, PARA 2F REFTL, U.S. DELEGATION SO RECOMMENDED IN CLOSING STATEMENT. GOH REPLIED TO EFFECT THAT CURRENT DISASTER COMMITTEE, CARD, AND NEW COMMITTEE ON ENVIRONMENTAL PROTECTION, CONATEL, WERE INTENDED TO MEET THIS NEED. GOH ALSO EXPRESSED GRATITUDE AT OUR OFFER OF FURTHER ASSISTANCE IN DISASTER PLANNING.
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HOWEVER CONCLUSIVE GOH STATEMENT MAY BE REGARDED AS TO ULTIMATE FORM OF GOH DISASTER RELIEF ORGANIZATION, USAID/HAITI SHOULD CONTINUE TO SEEK OPPORTUNITIES TO PROMOTE DEVELOPMENT OF AUTHORITATIVE AND USEFUL HAITIAN DISASTER RELIEF ORGANIZATION.

11. WE REGARD 3RD JOINT COMMISSION MEETING AS UNUSUALLY CONSTRUCTIVE. DISCUSSIONS WERE FRANK BUT NEVER DEVIATED FROM UNDERSTANDING THAT WE WERE ALL SEEKING WAYS TO IMPROVE. I. MINISTER BROS, HEAD OF HAITIAN DELEGATION, WAS IN PARTICULAR VERY RESPONSIVE TO DONOR CONCERNS. IN ORDER TO TAKE ADVANTAGE OF INITIATIVES DEVELOPED DURING COURSE OF SESSIONS, IT IS ESSENTIAL U.S. MISSION TAKE APPROPRIATE FOLLOW UP ACTIONS PARTICULARLY WITH REGARD TO

STUDY OF HUMAN/FINANCIAL DEVELOPMENT REQUIREMENTS AND
CONADEP OPERATIONS. WE WOULD APPRECIATE PERIODIC PROGRESS

REPORTS ON THESE AND OTHER ACTION ITEMS RAISED DURING
JOINT COMMISSION MEETING. AT LEAST ONE MONTH PRIOR TO
NEXT JOINT COMMISSION MEETING (NOW EXPECTED TO BE HELD IN
JANUARY 1978), U.S. MISSION SHOULD ASSESS OVERALL ACCOM-
PLISHMENTS OF GOALS ENUNCIATED IN JUST CONCLUDED MEETING
AND PROVIDE REPORT AND RECOMMENDATIONS TO WASHINGTON FOR
USE IN PREPARATION OF 4TH MEETING. FOLLOWING THE NEXT
JOINT COMMISSION MEETING MISSION SHOULD ASSESS GOH PRO-
GRESS IN CUSTOMS REFORM, FISCALIZATION OF SPECIAL ACCOUNTS,
AND OTHER PUBLIC ADMINISTRATION REFORMS DISCUSSED BY USAID
IN ITS DAP AND INDICATE WHETHER THE PROPOSED STRATEGY WITH
REGARD TO THESE REFORMS SHOULD BE AMENDED IN ANY WAY AS
A RESULT OF THESE DEVELOPMENTS.

12. THIS IS A JOINT STATE/AID MESSAGE. VANCE

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